

Revision 1.1

Project Hanford Management Contract (Contract No. DE-AC06-96RL13200)

Contract Management Plan



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CONTRACT MANAGEMENT PLAN FOR THE PROJECT HANFORD MANAGEMENT CONTRACT (PHMC)

Purpose

The purpose of this Contract Management Plan (CMP) is to provide guidance to Richland Operations Office (RL) employees involved with the management and administration of the contract. Such guidance should be a useful tool to help the DOE ensure that FHI and RL comply with all terms and conditions that govern the Contract. This CMP was developed with the guiding principles that it:

- (1) Shall be a useful tool for administering the contract.
- (2) Shall be an executive summary of the roles and responsibilities of the contracting parties.
- (3) Shall identify who is responsible for various contract administration activities.
- (4) Shall be flexible and adapt to changing circumstances.

This CMP does not include every action that RL must take to make the contract successful. Instead, it summarizes the higher-level requirements, deliverables, and tasks necessary, and describes the overall process with which the tasks are performed.

This CMP is intended solely to provide guidance to Government employees and should not be construed to create any rights or obligations on the part of any person or entity, including the Contractor and its employees. It is not intended to be either prescriptive or inclusive of all actions necessary to support and/or administer the contract. It describes the various contract management processes and how they fit together, but does not contain all of the step-by-step details of those processes. For the most part, these details are contained in the [RL Integrated Management System](#) (RIMS) processes and procedures, and specific desk instructions and documents. Appropriate links to these details are included in the CMP. Familiarization with this CMP and its related links is vital to all RL employees involved in contract management, and each staff member involved in overseeing the PHMC is required to read the [PHMC Current Contract](#).

1.0 Background

The PHMC is a performance-based contract that emphasizes results/outcomes. The Government's objective is for the Contractor to complete the contract's work scope in a timely and effective manner that meets the terms of the contract. The Contractor is given the responsibility of achieving end results and the freedom of determining generally how the results are achieved. The contract is a performance-based cost-plus-award-fee contract. The PHMC and its Performance Incentives (PIs) task the Contractor with performing cleanup work safely, efficiently, and in a timely manner. The Contractor earns fee by accomplishing scheduled cleanup tasks with available funding. To earn any fee, the Contractor must successfully perform the specific outcomes listed in the contract's Performance Incentives. The Performance

Incentives are multi-year requirements in which the Contractor is given freedom and responsibility for technical, cost, and schedule baselines to accomplish the work and for managing and maintaining them in accordance with their approved project control system. The Contractor is also responsible for full and effective implementation of an Integrated Safety Management System (ISMS) with full environment, safety, and health (ES&H) quality assurance compliance.

The government is responsible for providing designated Government Furnished Items/Services (GFI/S) to enable performance in accordance with contract [PHMC Section C](#), Statement of Work (SOW). Earned fee may be reduced for failures to perform in accordance with these contract clauses:

- E.1, Inspection of Services
- E.4, Inspection of Supplies
- I.28, Small Business Subcontracting Plan
- I.20, Conditional Payment of Fee, Profit, and Other Incentives -- Facility Management Contracts

2.0 Identification of Key Contract Management Team Members, Authorities and Limitations

Successful management and administration of this contract requires the coordinated efforts of a variety of RL personnel. Some of these key personnel include the RL Manager and senior staff, Contracting Officer (CO), Contracting Officer's Representatives (CORs), Contract Specialists (CSs), and subject matter experts. This CMP delineates the roles and responsibilities of these team members and describes their interaction on key contract administration duties.

RL Manager

The RL Manager is the Head of Contracting Activity (HCA) for RL. All procurement authority at RL flows from DOE Headquarters through the HCA. The HCA is also a CO. All actions that require CO authority are executed by the HCA or by COs appointed by the HCA. As specified in the contract clause I.20, Conditional Payment of Fee, the RL Manager has unilateral determination authority to reduce earned fees if the Contractor does not meet minimum contract requirements for ES&H, Safeguards and Security, Level of Performance, and Cost Control.

Contracting Officer

Contracts may be entered into and signed on behalf of the Government only by COs. The CO has the responsibility and authority to administer the contract and make related determinations and findings. Pursuant to Section G.7, Modification Authority, only the CO is authorized to accept non-conforming work; waive any requirement of the contract; or modify any term or condition of the contract. A [CO/COR List](#) is available on the Hanford Intranet, which includes CO/COR authorities and limitations.

Contracting Officer's Representative

The COR has primary responsibility for providing technical direction to the Contractor and also performs contract management, performance oversight and contract administration activities with support from appropriate RL management and staff. Other CORs may be designated at

the discretion of the RL Manager to execute specific functional roles and responsibilities in support of the contract. A [CO/COR List](#) with designated COR(s) for the PHMC Contract is available on the Hanford Intranet.

The COR is responsible for providing technical and/or administrative direction to the Contractor in accordance with clause G.6, Contracting Officer's Representative (COR) Technical Direction - Notification of Changes, and the COR's Letter of Designation including the following:

- Provide performance oversight to ensure the products and services for which the COR is responsible are delivered by the Contractor in accordance with the terms and conditions of the contract, including quality.
- Perform inspection and acceptance of work, as required.
- Conduct periodic reviews, audits, and surveillances of the Contractor to ensure compliance with the contract, as required.
- Perform periodic reviews of the Contractor to evaluate provisional and progress payments, and recommend final fee.

Project Director

The Project Director (PD) leads the oversight of assigned Hanford Cleanup activities. PD responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site. PD responsibilities include:

- Leading the Integrated Project Team for their assigned project.
- Delivering assigned Government Furnished Items and Services (GFI/S) consistent with the contract.
- Maintaining in-depth operational awareness of the assigned project.
- Monitoring contractor performance in meeting performance incentives, Tri-Party Agreement (TPA) milestones, and Defense Nuclear Facilities Safety Board (DNFSB) commitments.
- Providing timely recommendations to their manager to correct performance consistent with the contract. (This allows correction of performance before milestone is missed.)
- Providing management with accurate and objective information regarding project performance.
- Leading the development of the RL Integrated Evaluation Plan (IEP) for their assigned project.
- Monitoring cost and schedule variance of assigned project.
- Performing variance analysis (what and why) of significant (>5%) favorable and unfavorable variances.
- Promptly notifying management of events that significantly effect project performance.

3.0 Contract Identification

Contractor name:	Fluor Hanford, Inc.
Contract number:	DE-AC06-96RL13200
Contract title:	Project Hanford Management Contract (PHMC)
Performance period:	August 6, 1996 through September 30, 2006
Total contract value:	Through Modification M166 dated November 27, 2002, the total estimated funding through September 30, 2006 is \$7,880,395,036.52
Contract type:	Cost-plus-award-fee with performance based incentives
Contractor key personnel:	Contractor Key Personnel are listed in contract Section J, Appendix A: PHMC Section J

4.0 Methodologies for Developing, Negotiating, Approving, and Monitoring Performance-Based Objectives, Measures, Expectations, and Fee/Profit Arrangements

Various RL organizational elements have contract management responsibilities and ownership for actions associated with this contract.

Project Execution

The Strategic Planning, Baseline & Project Controls Division (SPD) serves as the champion for the Environmental Management (EM) and Integrated Planning (IP) Management Systems, and ensures these management systems align with the RL mission, vision and strategies. The SPD responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

- The Assistant Manager for Safety & Engineering (AMSE) is responsible for Safety, Engineering, and Quality Assurance requirements and Operational Awareness. Divisions supporting the AMSE are as follows:
 - Safety and Engineering Division (SED)
 - Operations Oversight Division (OOD)
 - Security and Emergency Services Division (SES)

The AMSE responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

- The Assistant Manager for the River Corridor (AMRC) monitors and evaluates contractor progress/performance against the [Performance Management Plan for the Accelerated](#)

[Cleanup of the Hanford Site](#) (HPMP), EM Corporate Performance Measures ([Gold Chart](#)), and DOE approved/accepted contractor baseline for HPMP Strategic Initiative #1, Restore the Columbia River Corridor by 2012, Deactivation, Decontamination, Decommissioning and Demolishing of the Fast Flux Test Facility (FFTF) TPA Milestones, DNFSB commitments, CERCLA Records of Decision (RODs) and permit requirements. Reporting to the AMRC are:

- River Corridor Project Team
- FFTF Closure Project Team
- Site Closure Team, and
- Site Infrastructure Team

The AMRC verifies/evaluates completion of work and provides status to the Assistant Manager for Administration AMA for integration, and provides recommendations for contract actions to COR/CO/HCA. The Site Closure Team supports the Environmental Management cleanup at Hanford including transition to long-term stewardship and land transfer. The AMRC also provides support or services to RL, the Office of River Protection (ORP), and the Pacific Northwest National Laboratory (PNNL) Site Office (PNSO) in the areas of safeguards and security, emergency services and preparedness, occupational medical services, real estate and personal property management, infrastructure and site services. The AMRC responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

- The Assistant Manager for Central Plateau (AMCP), including the Office of Spent Nuclear Fuels (SFO), monitors contractor progress/performance against the HPMP, Gold Chart, and DOE approved contractor baseline for these HPMP Strategic Initiatives--
 - Strategic Initiative 3--Accelerate Stabilization and De-Inventory of Nuclear Materials
 - Strategic Initiative 4--Accelerate Waste Disposal
 - Strategic Initiative 5--Accelerate Central Plateau Cleanup, and
 - Strategic Initiative 6--Accelerate Cleanup and Protection of Hanford Groundwater.

The following Teams support the AMCP:

Spent Nuclear Fuels Team

Ground Water Remediation and Monitoring Team

TRU Waste Offsite Disposal Team

200 Area D-4 and Waste Site & Burial Ground Remediation Team

Waste Operations Team

PFP D4 (Deactivation, Decontamination, Decommission, Demolishing) Team

The AMCP also monitors contract performance in meeting assigned external milestones and commitments [e.g., TPA Milestones, DNFSB commitments, Gold Chart, and provides recommendations for contract actions to COR/CO/HCA. The AMCP and SFO responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

Compliance Controls

- The Office of the AMSE is responsible for establishing the authorization basis for operation, identifying requirements and standards, implementing Integrated Safety Management, and providing technical subject matter expertise for nuclear and facility safety and engineering support to ensure the safety and health of the workers and the public. The AMSE ensures that work is performed safely, efficiently, and in compliance with radiological, nuclear, occupational safety, conduct of operations, and process safety requirements. The AMSE also ensures that quality programs are in place and implemented, and manages the RL authorization basis.

RL Program Management and Control

These organizations are the integration and control elements that provide baseline, contract management, business management, policy and budgeting functions:

- The AMA and Chief Financial Officer develops and oversees crosscutting business and administrative functions, such as submitting and supporting the RL budget, managing the budget and funds process, and maintaining the finance system. The AMA is also responsible for strategic analysis, top-level requirements management, configuration management, baseline integration, baseline change control, risk management, variance management, performance measurement and reporting, and vadose zone management. AMA verifies and evaluates completion of work in accordance with applicable contract terms and conditions. The AMA responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

Organizations supporting the AMA are as follows:

- Strategic Planning, Baseline & Project Controls Division (SPD)
- Business Operations Division (BOP)
- Financial Management Division (FMD)
- Procurement Division (PRO)
- Human Resources Management Division (HRM)
- Project Management Support Division (PMD)
- Contractor Industrial Relations Team
- The RL Procurement Division (PRO) provides cost/price analysis support to the RL COs. The COs manage all contractual interface activities with the Contractors. The PRO responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

Other Administration Parties

- The Independent Oversight (IO) group is tasked with improving effectiveness of RL. IO primarily achieves this objective by identifying, through routine and special assessments, issues that detract from RL's effectiveness. IO proposes alternative courses of action, ensures corrective actions are effective, and ensures lessons learned are captured as part of continuous improvement. IO maintains the RL [Performance Improvement System](#). IO's responsibilities include maintaining the RL [Quality Assurance Program Description](#), and the RL [Corrective Action Management](#), [Lessons Learned](#), and [Self-Assessment](#) processes. IO

is the liaison to the DNFSB, in accordance with the [Defense Nuclear Facilities Safety Board Liaison Procedure](#), and provides Price-Anderson coordination. The IO group responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

- The Office of Environmental Services (OES) recommends appropriate course of action to the Manager concerning environmental regulatory matters. This Office manages the Environmental Management System, coordinates and administers the Sitewide TPA, manages and coordinates site-wide compliance and permitting policies, and coordinates environmental regulatory analysis and reporting on Sitewide permitting, TPA commitments and regulator activity.
- The Defense Contract Audit Agency (DCAA), under the authority, direction, and control of the Under Secretary of Defense (Comptroller), is responsible for performing contract audits for the Department of Energy, and providing accounting and financial advisory services regarding contracts and subcontracts for RL contract administration activities. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts.
- The Site Infrastructure Team [new name] is responsible for managing Hanford infrastructure systems such as water, sewer, electricity, communications networks, environmental monitoring (radiological, chemical, and biological), reporting radiological releases to the public, biological control, laboratory management, and transportation.
- The Office of Chief Counsel (OCC) provides legal advice and assistance as necessary in connection with negotiation, administration, and settlement of contracts and subcontracts, and all other aspects of the RL mission. The OCC responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.
- The Security and Emergency Services Division [new name] (SES) manages the Hanford security and emergency services including the Hanford Patrol, Hanford Fire Department (Emergency Medical and HAZMAT Response), material control and accountability, Hanford Personnel Security, and directs Safeguards and Security Program Planning. SES provides support to ORP and the PNSO in the areas of safeguards and security, emergency preparedness, and emergency services. The SES responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.
- The Office of Communications (COM) provides oversight of Contractor communication with stakeholders, public, and Indian Nations; and manages RL intergovernmental relations with Congress, Washington and Oregon officials, and local government. COM also coordinates RL and ORP responses to Freedom of Information Act requests. The COM responsibilities, accountabilities, and authorities are available on the [RL Roles, Responsibilities, Accountabilities, and Authorities](#) page on the RIMS web site.

RL Facility Representatives

RL Facility Representatives assist the RL Manager, CO, and COR in providing oversight of operations to ensure that the facilities are operated in a safe, healthful, and environmentally acceptable manner in accordance with requirements. Facility Representatives, along with other RL employees, have “Stop Work” authority in cases of imminent danger in accordance with [PHMC Section H](#) clause H.11, Shutdown Authorization. The [Facility Representative Instructions](#) is one of the organizational procedures on the RIMS web site.

5.0 Key Contract Vulnerabilities or Performance Risk Areas Inherent in the Contract

The HPMP is the overall strategy for reducing risk to workers, the public, and the environment. RL progress in achieving major goals is tracked in the [Gold Chart](#). The Hanford Integrated Programmatic Risk Management Program documents RL’s approach to identify, analyze, prioritize, mitigate, and monitor the programmatic risks associated with the accelerated cleanup initiatives, including assumptions and uncertainties, presented in the HPMP and its subsequent updates. This program description along with the [Strategic Programmatic Risk Management](#) crosscutting process implements risk management at RL.

6.0 Post-Contract Liabilities

Post-contract liabilities include site Pension and Retiree Medical expenses. The Contractor is tasked with prudently managing these benefits and it is DOE policy that, to the greatest extent possible, no new employees are added to the pool of employees eligible for these post contract benefits. Since completion of all site work will extend beyond the performance period of the PHMC, management of these programs will be transferred to successor Contractor(s).

7.0 Inspection and Acceptance Process

DOE is implementing a tailored performance evaluation approach that focuses on areas of greatest significance and risk while relying on a planned approach to ensure that the balance of the Contractor’s overall performance is addressed. RL’s tailored approach to evaluation is based on:

- an understanding of the performance-based nature of the contract,
- knowledge of the Contractor’s baseline in response to the SOW,
- awareness of the type and level of associated risks and hazards,
- insight on the technical and management approaches to mitigating programmatic risks and controlling hazards, and
- familiarity with the Contractor’s approved management systems (particularly integrated safety management and project management control).

Increased evaluation efforts are placed on those areas where there are indications of poor or suspect Contractor performance indicated by Contractor self-assessment or by Integrated Project Team (IPT) surveillance and analysis. The level of review is reduced when there are

indications that the Contractor's performance is strong and the Contractor's self-assessment and corrective action programs are effective.

In general, DOE's intent is to minimize the level of Government involvement and allow the Contractor to perform to, or exceed, the contract requirements. DOE's goal is to reduce evaluations when the Contractor demonstrates an effective self-assessment program that includes self-identification, taking appropriate corrective actions, and successful follow-on action to prevent recurrence and improve performance. If the Contractor's performance is deficient, and it appears that the Contractor's management processes have not produced the desired result(s), DOE can increase evaluations in order to protect the Government's interests.

8.0 Key Performance Metrics

Contractor progress and earned fee are determined by Contractor success in meeting end states specified in Appendix D Performance Incentives [Performance Objectives, Measures, Expectations and Incentives](#), as well as compliance with minimum contract requirements. All work must be performed in accordance with applicable Law, Regulation, and/or DOE Directive. Failures in contract performance as defined in the Conditional Payment of Fee may be the basis for reduction of fee. The contract Inspection of Services clause is also the basis for Contractor rework for performance that does not meet contract requirements.

9.0 Contract Transition Planning

At the end of this contract's period of performance, one or more contracts will be issued, to continue cleanup activities, in accordance with RL's acquisition plan. The DOE and Contractor recognize that prior to the end of this contract's performance period, a transition period will be necessary to allow a transition to one or more new Contractors. Accordingly, the Contractor will be required to work with the DOE to establish an acceptable transition plan that supports the new Contractor(s) in assuming their Contract responsibilities.

10.0 Contractor Employee Claims System

The Procurement Division is responsible to ensure that the Contractor conducts expedient reporting and processing of employee compensation claims. The [RL Oversight of Contractor Human Resource Programs](#) describes this area of RL oversight activities.

11.0 Non Value-Added Directives/Requirements

Removal of non-value added requirements is on-going. This effort, begun in FY2000, has resulted in reducing the number of DOE Directives in the contract from 156 in modification M110 (09/28/00) to 76 in mod M176 (03/17/03). The [Requirements Management](#) crosscutting process contains RL's procedures for directives/requirements management.

12.0 Major Contractor Milestones, Deliverables, Reporting Requirements, and Performance Incentives

Cleanup activities conform to TPA and DNFSB commitments. Performance Based Incentives are generally multi-year incentives. Specific PBI schedule milestones are in Section J, Appendix D, [Performance Objectives, Measures, Expectations and Incentives](#). [Tri-Party Agreement Milestones](#) are available on the Hanford Internet. [DNFSB Milestones](#) are available on the RIMS web site. Other contract deliverables are identified in the Statement of Work (SOW).

13.0 Contract Change Control Process

The structure for managing change control relating to scope, cost, and schedule, as well as mitigating variances to approved scope, cost, or schedule is explained in the RIMS [RL Integrated Baseline Management](#) crosscutting process.

14.0 Fee Administration and Invoice Review

Contract clauses concerning payments and fee include:

H.22 Payments and Advances,

H.33, Performance Objectives, Measures, Expectations, and Fee Distribution,

H.35, Provisional Payment of Fee for Comprehensive and Annual PBI's, and

I.20, Conditional Payment of Fee, Profit, and Other Incentives -- Facility Management Contracts

Link to Contract Section H -- [PHMC Section H](#)

Link to Contract Section I -- [PHMC Section I](#)

The fee on the PHMC is administered primarily through multi-year Performance Based Incentives (PBIs) where requirements are established in one fiscal year, but the final completion date extends into a future fiscal year. A PBI is an individual agreement that sets performance objectives, measures, expectations and related fee distributions, and which is incorporated into the contract at Section J, Appendix D [Performance Objectives, Measures, Expectations and Incentives](#). All of the Contractor's available fee pool is allocated to PBIs. In addition, the Contractor has the opportunity to earn Super Stretch fee for completing Super Stretch Performance Based Incentives (SSPBIs). Final fee determinations for SSPBIs are made, and fees are paid, upon completion of performance as defined in individual SSPBIs. Fee for super stretch performance is outside of the available fee pool.

A Provisional Payment is a conditional payment of fee for partial completion of a multi-year PBI, conditioned upon the successful completion of a subsequent event as set forth in the PBI. Upon successful completion of the subsequent event, the provisional payment of fee will become a final payment of fee. If the Contractor fails to successfully complete the subsequent event upon which the provisional payment of fee is conditioned, the Contractor shall refund to the Government the provisional payment(s) received associated with the missed performance based event.

A Progress Payment will be a final payment of fee based upon final completion of an element of a multi-year PBI, as defined in the individual PBI. In general, progress incentives will have greater intrinsic value to the Government than provisional goals.

For any expectation to be considered performed, the Contractor's work must meet the criteria in the PBI within the approved cost and schedule thresholds specified in the PBI, if any, as modified through the Change Control Process. The process for administering PBIs and SSPBIs is outlined in Clause H.33, Performance Objectives, Measures, Expectations, and Fee Distribution. At the conclusion of the appropriate performance period, the Government will evaluate the Contractor's overall performance to determine the fee earned. This evaluation will be a consideration of (1) incentive fee determinations by the RL Manager, (2) invoking Clause B.7, Option Exercise, Reduction of Term, (3) the DOE decision whether to terminate the contract for default, and (4) whether to invoke the Conditional Payment of Fee Clause.

Under Clause I.20 "Conditional Payment of Fee", the RL Manager may unilaterally reduce earned fees for failure to meet minimum requirements of the ES&H safety management systems or for failures in Safeguards and Security systems. This unilateral right also extends to a catastrophic event, failures to comply with the SOW, or cost performance failures. The *Conditional Payment of Fee, Profit, or Incentives Clauses in Contracts* procedure in the RIMS [Evaluation and Reporting](#) crosscutting process contains steps for invoking clauses.

Because of RL and DCAA oversight and audit of the contractor's accounting system, the contract allows the Contractor to draw funds each month from a "checks-paid method of payments cleared financing arrangement", a special bank account agreement, also known as the letter of credit arrangement. This arrangement requires the contractor to submit an invoice for costs that are withdrawn from the bank account each month. However, because of this arrangement, RL established a process to ensure that the contractor does not withdraw funds for unallowable or out of scope work. Data supporting monthly invoices are gathered electronically in the Hanford Data Integrator (HANDI) system and are reviewed by RL technical personnel. DCAA performs incurred cost audits annually, and reviews indirect rates, costs, and accounting systems as requested and coordinated by FMD. General guidance on the invoice review process is in [CO Memorandum 97-PRO-467](#) dated May 12, 1997. This process has evolved since the date of this memorandum. For example, the number of CORs has changed, RL was authorized to perform reviews quarterly instead of monthly, it was determined that reasonableness of Support Activity Costs would be based on DCAA audit, etc. Nevertheless, the memorandum is a good explanation of the need for review and the review process itself. Current invoice processing instructions are summarized as follows:

- The Contractor accumulates incurred costs in an electronic database, HANDI. RL personnel can access this database through the Hanford Local Area Network.
- The Contractor updates this database with monthly cost information and submits a hard-copy of a monthly summary statement of incurred costs in accordance with PHMC Section C.5.3, Management Products and Controls. These summary statements are submitted approximately the 10th of each month, for costs incurred the previous month. (For example, on the 10th of February, the Contractor submits statement of January costs.)
- The CS forwards an electronic (email) request to CORs and applicable Project Directors assigned the task of invoice review. Reviewers will be asked to determine whether costs incurred for their Project are considered reasonable. This request is issued quarterly, corresponding to quarters of the government fiscal year:

- First Quarter: October, November, and December
 - Second Quarter: January, February, and March
 - Third Quarter: April, May, and June
 - Fourth Quarter: July, August, and September
- A Reasonable cost is one that is generally recognized as ordinary and necessary for the type of contract performance. Indirect (Support Activity) Costs will be determined reasonable based upon DCAA determination of indirect rates and approval of the contractor accounting systems and controls. Direct (Project) Costs will be reviewed by Project Managers or appointees, who are asked to certify to the best of their knowledge that 1) the types and quantities of resources used were appropriate for the workscope completed, and 2) the work completed was within the contract scope.
 - Reviewers should contact the Contractor Point of Contact (POC) if questions arise during their review. Issues that cannot be resolved with the POC should be referred to the CO. After their review, Reviewers will submit this statement to the CS-- "Subject to audit, I certify that my preliminary review of the equipment/materials/services reflected in this invoice, for this period and under my area of responsibility, are consistent with the terms and conditions of the contract." Reviewers will be asked to provide their comments the CS within by the requested date, usually two weeks after the date of the CS's request. Review comments may be provided by hard-copy or email.

15.0 Unique Contract Terms and Conditions

The Government has a responsibility to enable contract performance by ensuring that GFI/S are available, timely and of the required quality. Contract [PHMC Section C](#) Section C.1, Project Hanford Management Contract Overview, describes the SOW structure including GFI/S requirements. This Section explains that the contract workscope is presented in a series of Tables. For example, the Scope Table contains specific scope descriptions, requirements, deliverables and the Government Furnished Items and Services that are necessary to accomplish the workscope. Section C.1.6. includes the generic list of actions and their review time frames; specific GFI/S are listed in the SOW, Sections C.2 through C.6. Typical GFI/S include RL approval of Contractor submittals such as authorization bases and regulatory decision documents and reports; and approval of management products and controls deliverables. If GFI/S are not furnished as specified in the contract, the Contractor may be due an equitable adjustment in target cost.

Required government responses and approvals

In the course of performing the contract, the Contractor is required to obtain the Government's review and/or approval of numerous documents and management systems. It is imperative that the Government provides appropriate responses within timeframes specified by the contract. It is expected that DOE and the Contractor will use a collaborative process to ensure that key documents, such as authorization basis and regulatory decision documents and reports, are developed in a quality manner meeting applicable requirements and are timely and efficiently reviewed and approved. It is also expected that reviews of key Contractor management system documentation, such as the integrated safety management system description and Project Management Plan, will be conducted with the Contractor prior to formal submittal by the Contractor for review and approval.

With the objectives of cooperation to enable timely review, approval, and successful cleanup, RL personnel will follow these procedures for GFI/S:

- All RL correspondence concerning GFI/S shall reference the GFI/S identification number included in the contract. Contractor submittals will be distributed to appropriate personnel, who will process the document(s) in accordance with contract time frames.
- Initial Review--The contract allows RL to accept or reject a Contractor submittal within 15 days of receipt. This 15-day period is intended to allow cognizant personnel a cursory review of the submittal in order to determine if it is acceptable. Reasons for which Contractor submittals can be considered unacceptable include, but are not limited to:
 - The item submitted by the Contractor is inadequate, that is, it is incomplete, lacking in quality, was not prepared to applicable standards or preparation guidance, etc.
 - The GFI/S commitment is not yet in the contract.
- Rejection-- An unacceptable item will be rejected by letter to the Contractor not later than 15 days of receipt. Reviewers will use good judgment and a graded approach in this initial review, and work collaboratively with Contractor counterparts in accepting or rejecting Contractor submittals. For example, a submittal that is grossly inadequate, incomplete, or of poor quality will be rejected completely. In this case, the "clock" for RL's actions will not start until an acceptable product is received. However, a submittal that requires only editorial changes would ordinarily not be rejected. **RL personnel shall not hold an inadequate submittal for Contractor revisions or corrections without formal notification.**
- Partial Rejection--For a submittal that is not fully acceptable, RL will specify what revisions or additions are required to make the submittal acceptable. In this case, the clock will stop with the notification and restart when necessary revisions or corrections are received.
- Acceptance--An item that is fully sufficient as submitted will be accepted and processed within contract time frames. Depending on the nature or extent of required revisions, an item may be conditionally accepted, with conditions spelled out in a letter to the Contractor. The clock will continue to run for accepted or conditionally accepted items!
- Tracking-- RL will track the GFI/S as open or closed.
- Open items-- An open action requires an RL action before the GFI/S can be closed. A submittal requiring minor revisions will be tracked as open. GFI/S which are rejected are returned to an open status awaiting resubmittal (with the clock set back to 0). The Contractor's actual submittal date on a rejected item is removed from the database, and a new submittal date is entered upon Contractor resubmittal of an acceptable product. To ensure trackability and provide substantiating detail in the event of a Request for Equitable Adjustment (REA), RL personnel are responsible for accurately documenting in the database the rejection of such a deliverable.
- Closed items-- A closed action requires no RL actions.

- **Time Frames.** RL actions will be accomplished in accordance with the time frames listed in contract section C.1.6. The timeframe for RL action will not begin (the clock will not start to run) until an acceptable item is received by the appropriate RL personnel. For those items that have already been rejected, the timeframe for RL action will begin again (clock will restart at 0) upon receipt of the resubmittal. For partially rejected items, review of the acceptable portion(s) of the submittal will continue pending receipt of necessary revisions or corrections. However, for purposes of contract time frames, the clock will not restart until all necessary revisions and corrections are received. For accepted and conditionally accepted items, the clock keeps running until Government actions are complete.
- The only way in which GFI/S can be modified is through Contracting Officer letter or formal contract modification. As with other contracting changes, only those changes agreed to in writing by the Contracting Officer are binding.

Government Furnished Equipment and Facilities

The RIMS [Asset and Infrastructure Management](#) system contains processes and procedures related to real estate and real property, DOE personal property, government motor vehicles, transportation, and office services.

This management system also contains the following RL programs: Cultural Resources, Energy and Utilities Management, Life Cycle Asset Management, Transportation Management Program, and Aviation Management and Safety.

16.0 Contractor Litigation Management

The Department of Energy established regulations covering contractor legal management requirements. The RIMS [Litigation Management - Contractor](#) crosscutting process was written to assist personnel in controlling and overseeing litigation costs for which contractors seek reimbursement under the terms of their contracts, including general legal services. It also provides information for instances when the Richland Operations Office retains legal counsel for litigation where legal costs over the life of the matter are expected to exceed \$100,000.

17.0 Agreements

Mutual Aid Agreements

The Contractor and/or RL are parties to agreements and understandings with Federal, State, and Local Government Agencies, corporations, universities, and hospitals. These Agreements are listed in Contract Section J, Appendix C, section J.C.2.8 Mutual Aid Agreements.

18.0 Contract Records

All records acquired or generated by the contractor in performing this contract are the property of the Government except for those defined as "contractor-owned" in contract clause I.167

"Access to and Ownership of Records (DEAR clause 970.5204-3). These records must be delivered to the Government or otherwise disposed of at contract completion or termination, as directed by the CO. [PHMC Section I](#) Additional Contractor requirements concerning records management are found in clauses H.20, "Information" and H.21, "Privacy Act Systems of Records". [PHMC Section H](#) The Contract Clause entitled "Access to and Ownership of Records" addresses records management with respect to occupational health records and radiation exposure records.

All occupational health records generated during the performance of Hanford-related activities will be maintained by the Occupational/Medical Services Contractor and are the property of DOE. All radiation exposure records generated during the performance of Hanford-related activities are the property of DOE and are maintained by Battelle staff at PNNL. The RL strategy for identifying which records will be transferred or maintained by DOE with the expiration of the PHMC is intended to ensure that the government is protected and that a good records management program exists.

19.0 Proposed Settlement of Costs for Post Contract Liabilities

Site cleanup activities extend beyond the contract period of performance. Therefore, the contractor will not be requested to identify post-contract liabilities with adequate documentation supported by a reasonable audit trail as to measurement, composition, cost methods, and actuarial assumptions.

20.0 Contract Closeout

When the Contractor has completed the work scope, the process of verification of contract completion and initiation of contract closeout can commence. RIMS covers the major elements of contract closeout in the [Contract Management](#) crosscutting process, *Contract Management - Closeout* procedure. Contract closeout will conform to the requirements of FAR 4.804, Closeout of Contract Files.

21.0 Other Special Emphasis Areas

The contract performance and administration experience should be reviewed and evaluated for Lessons Learned. The RIMS [Lessons Learned](#) program description explains RL's approach at a high level.

22.0 Project Management Requirements of DOE O 413.3

Applicable requirements of DOE O 413.3 are incorporated into the CMP by referencing the RIMS [RL Integrated Baseline Management](#) and the [Requirements Management](#) crosscutting processes. RL executes DOE O 413.3 and Project Management through the Project Breakdown Structure (PBS), although there is a one-to-one relationship between the PBS and the Federal Project Directors (FPD) organizational structures. FPDs are designated for these Projects:

- Nuclear Material Stabilization/Disposition (PFP)
- Spent Nuclear Fuel (SNF) Stabilization/Disposition
- Solid Waste Stabilization/Disposition - 200 Area Waste Disposal Facility
- Soil and Water Remediation - Groundwater/Vadose Zone
- Nuclear Facility D&D - Remainder of Hanford
- Nuclear Fuel Facility D&D - River Corridor Closure Project
- Nuclear Facility D&D - FFTF Project

23.0 Quality Assurance Plan

RL Quality Assurance oversight will be accomplished following the [Richland Operations Office Quality Assurance Program Description](#) in RIMS.

24.0 Contract Communication Process

Formal communications with the Contractor

All formal direction to the Contractor is issued by the RL Manager (as CO), or as delegated, the CO, or the COR within designated authority. Such direction should be in writing, but may be provided orally in meetings, briefings, phone, or video conferencing. A written record of direction should be created for such oral directions. All formal written correspondence to the Contractor should include the contract number within the subject line. Correspondence will include the following statement, where applicable--"The Government considers this action to be within the scope of the existing contract and therefore, the action does not involve or authorize any delay in delivery or additional cost to the Government, either direct or indirect."

The following caveat should be included within the body of correspondence issued by CORs:

"If in my capacity as a Contracting Officer's Representative (COR), I provide any direction which your company believes exceeds my authority, you are to immediately notify the Contracting Officer and request clarification prior to complying with the direction."

The CO must be on concurrence for all correspondence to the Contractor (e.g., technical direction by the COR) and receive a copy when issued. Only the CO has the authority to interpret the contract terms and conditions or make changes to the contract. The [CO/COR List](#) is available on the Hanford Intranet.

To ensure correspondence control, all formal correspondence should be addressed to the Contractor's local principal executive, and cite the contract number and applicable contract provision and/or GFI/S item number in the letter's subject line. Formal communication from the Contractor should follow a formal contract correspondence tracking system with commitments appropriately assigned and tracked for timely completion.

Informal communications with the Contractor

Informal communications can occur between an RL employee and any Contractor employee. This type of communication is non-binding for both the Government and the Contractor and does not constitute contract direction (i.e., formal communication). Informal communication can take the form of electronic mail, retrievable databases, telephone, facsimile, presentations, meetings, and other means.

Informal communications between RL and Contractor staff are needed for proper oversight coordination. This communication should be constructive in nature. Avoid requesting information obtainable by other means. In their informal communications, RL employees need to avoid the impression the communications are formal. Particularly, when COs or CORs are engaging in informal communications, they must be careful to identify those communications as non-binding. CORs should inform the Contractor as to whether or not the communications or portions thereof are formal or informal. More specific expectations for RL interfaces with Contractors are described in the RIMS [Contract Management](#) and [Oversight Performance](#) crosscutting processes.

Non-RL Communications

The Contractor will be required to communicate with other than RL staff in conjunction with its responsibilities and work scope. The following parties most likely to be involved are DOE-Headquarters; other federal agencies and offices including the Environmental Protection Agency and Government Accounting Office, the DNFSB; other Hanford Contractors; Hanford Advisory Board; State agencies and officials including the Washington State Departments of Ecology & Health; Tribal Nations; and the general public. Because these entities are outside of the contractual relationship between the Contractor and RL, their communications to the Contractor may not be construed as contractual direction to change the scope or terms and conditions of the contract. It is expected, however, that these "stakeholder" communications are coordinated or monitored by the CO, COR, or responsible IPT participant as described in RIMS [Intergovernmental Affairs](#) and [Public Affairs](#) crosscutting processes.